

## Message Text

SECRET

PAGE 01 TAIPEI 01020 01 OF 02 210526Z  
ACTION NODS-00

INFO OCT-01 ISO-00 /001 W  
-----104059 210529Z /10  
O 210314Z FEB 78  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC IMMEDIATE 6487

S E C R E T SECTION 1 OF 2 TAIPEI 1020

NODIS

E.O. 11652: XGDS-3  
TAGS: MNUC IAEA, TW  
SUBJECT: ROC NUCLEAR DEVELOPMENTS

REF:77 STATE 305275

1. ON 20 FEBRUARY 1978, DCM ACCOMPANIED BY ECONOFF SIMMONS  
CALLED ON MOFA VICE MCISTER FRED CHIEN FOR ROC RESPONSE TO  
OUR DEMARCHE AND AIDE MEMOIRE OF 27 DECEMBER 1977, DESCRIBED  
REFTEL. RESPONSE TOOK THE FORM OF AN AIDE-MEMOIRE WHICH  
CHIEN READ.

2. TEXT OF THE ROC AIDE-MEMOIRE FOLLOWS:

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AIDE-MEMOIRE

--REFERENCE IS MADE TO THE CONVERSATION BETWEEN VICE  
MINISTERFREDRICK CHIEN OF THE MINISTRY OF FOREIGN AFFAIRS  
AND MINISTER ROGER W. SULLIVAN OF THE UNITED STATES EMBASSY  
ON DECEMBER 27, 1977.

--IN THE COURSE OF THE CONVERSATION, MINISTER SULLIVAN,  
IN CONNECTION WITH THE CHINESE GOVERNMENT'S PREVIOUS  
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CONSENT TO PLACE ALL ITS PRESENT AND FUTURE NUCLEAR  
MATERIALS, EQUIPMENT AND FACILITIES UNDER THE SAFEGUARD  
PROVISIONS OF THE US/ROC AGREEMENT FOR COOPERATION,  
ASKED THE CHINESE GOVERNMENT FOR ITS VIEWS ON THE PRO-  
CEDURE WHICH THE UNITED STATES HAD EARLIER PROPOSED FOR  
ITS IMPLEMENTATION. THE PROCEDURE, AS CONVEYED TO  
SECRETARY GENERAL VICTOR CHENG DURING HIS VISIT TO

WASHINGTON IN OCTOBER 1977, WOULD INVOLVE AN EXCHANGE OF LETTERS BETWEEN CAEC AND DOE AND A JOINT NOTIFICATION TO THE IAEA.

--IN REPLY, THE MINISTRY OF FOREIGN AFFAIRS WISHES TO POINT OUT THAT THE PROCEDURE AS PROPOSED BY THE UNITED STATES WOULD IN FACT CONSTITUTE AN AMENDMENT TO THE SAFEGUARDS TRANSFER AGREEMENT BETWEEN CHINA, UNITED STATES AND IAEA AS WELL AS THE SAFEGUARDS AGREEMENT BETWEEN CHINA AND IAEA. IF IT IS TO BE PUT INTO EFFECT WITHOUT UNDERGOING THE NECESSARY LEGAL PROCESS, IT MAY CAUSE QUESTIONING FROM THE BOARD OF GOVERNORS OF THE IAEA, WHICH MAY IN TURN AFFECT THE MAINTENANCE OF INTERNATIONAL SAFEGUARD FOR ROC NUCLEAR RESEARCH AND DEVELOPMENT PROGRAMS. THE CHINESE GOVERNMENT REGRETS THEREFORE THAT IT IS NOT IN A POSITION TO ACCEDE TO THE PROCEDURE PROPOSED BY THE UNITED STATES AS IT VIEWS WITH THE UTMOST CONCERN ANY MEASURE OR ACTION THAT MAY HAVE SUCH A POSSIBLE EFFECT.

--THE REPUBLIC OF CHINA AND THE IAEA HAVE RECENTLY AGREED TO A NEW SET OF SUBSIDIARY SAFEGUARD ARRANGEMENTS FOR THE ROC UNDER IAEA'S "PACE" PROGRAM, WHICH HAS TAKEN EFFECT FROM JANUARY 31, 1978. UNDER THE NEWLY AMENDED ARRANGEMENTS, ALL PRESENT AND FUTURE NUCLEAR MATERIALS, EQUIPMENT AND FACILITIES OF THE ROC WILL  
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BE ENTERED IN DETAIL ON THE PHYSICAL INVENTORY LIST. INASMUCH AS IT IS POSSIBLE UNDER THE NEW ARRANGEMENTS FOR ALL PRESENT AND FUTURE NUCLEAR MATERIALS, EQUIPMENT AND FACILITIES NOT OBTAINED FROM THE UNITED STATES TO BE ALSO LISTED AS SUBJECT TO SAFEGUARDS UNDER THE ROC/US/IAEA TRIPARTITE AGJEXNT, THE CHINESE GOVERNMENT WISHES TO PROPOSE, AS AN ALTERNATIVE TO THE PROCEDURE SUGGESTED BY THE U.S., THAT THE CHINESE GOVERNMENT UNDERTAKE TO LIST ALL PRESENT AND FUTURE NUCLEAR MATERIALS, EQUIPMENT AND FACILITIES OF THE ROC, IRRESPECTIVE OF THEIR SOURCE OR ORIGIN AS SUBJECT TO SAFEGUARD UNDER BOTH THE ROC/IAEA BILATERAL AND ROC/US/IAEA TRIPARTITE AGREEMENT AND TO REQUEST THE IAEA TO PROVIDE THE UNITED STATES WITH THIS PHYSICAL INVENTORY LIST ON AN UNINTERRUPTED BASIS. THE CHINESE GOVERNMENT BELIEVES THAT THESE MEASURE, IF ADOPTED, WOULD SERVE TO ACHIEVE THE SAME PURPOSE AS SOUGHT BY THE UNITED STATES UNDER ITS PROPOSED PROCEDURE.

--IN TERMS OF THE PROPOSED EXCHANGE OF LETTERS BETWEEN THE CAEC AND DOE, THE UNITED STATES HAS ALSO ASKED THAT THE ACQUISITION OR CONSTRUCTION OF ANY NUCLEAR

MATERIALS, EQUIPMENT AND FACILITIES BY THE ROC IN THE FUTURE, OTHER THAN THOSE ACQUIRED UNDER ARTICLES IV, VI AND VII OF THE AGREEMENT FOR COOPERATION OR AS A RESULT OF THE ITEMS SO ACQUIRED AND OTHER THAN EQUIPMENT TO BE USED SOLELY IN FACILITIES LISTED ON THE SAFEGUARDS TRANSFER AGREEMENT INVENTORY, SHOULD BE A MATTER OF PRIOR CONSULTATION BETWEEN THE ROC AND THE U.S. THE CHINESE GOVERNMENT FEELS, HOWEVER, THERE IS NO NEED FOR SUCH A PROPOSAL. ON THE ONE HAND, AS EXPLAINED BEFORE, ALL FUTURE AS WELL AS PRESENT NUCLEAR MATERIALS AND EQUIPMENT AND FACILITIES WILL BE LISTED ON THE PHYSICAL INVENTORY LIST AS SUBJECT TO SAFEGUARDS UNDER BOTH THE IAEA/ROC/US SAFEGUARDS TRANSFER AGREEMENT AND THE IAEA/ROC SAFEGUARDS AGREEMENT, WHICH THE IAEA WILL SECRET

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BE ASKED TO PROVIDE TO THE U.S. ON THE CONTINUING BASIS. ON THE OTHER HAND, IT IS OBVIOUS THAT ALL SUCH NUCLEAR MATERIALS, EQUIPMENT AND FACILITIES, IF THEY ARE TO BE USED FOR FACILITIES SUBJECT TO SAFEGUARDS UNDER THE TRIPARTITE AGREEMENT, WILL AUTOMATICALLY BE SUBJECT TO PRIOR CONSULTATION BETWEEN THE ROC AND THE U.S. UNDER PROVISIONS OF THE US/ROC COOPERATION AGREEMENT.

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W  
-----103971 210451Z /11  
O 210314Z FEB 78  
FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC IMMEDIATE 6488

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AS REGARDS THOSE USED FOR FACILITIES SUBJECT TO SAFEGUARDS AGREEMENT BETWEEN ROC AND IAEA, INASMUCH AS THE AGREEMENT IS CONFINED ONLY TO THE TRR AND ITS RELATED

AND AUXILIARY EQUIPMENT AND IN VIEW OF THE FACT TQO THE IAEA HAS ALWAYS MAINTAINED A STRICT INTERPRETATION OF THE SCOPE OF THE AGREEMENT, IT IS INCONCEIVABLE THAT THE NUCLEAR MATERIALS, EQUIPMENT AND FACILITIES WHICH THE CHINESE GOVERNMENT MAY WISH TO ACQUIRE OR CONSTRUCT UNDER THIS AGREEMENT WILL EXCEED THE SCOPE OF THOSE PROVIDED FOR UNDER THE SAID AGREEMENT. BESIDES, THE UNITED STATES HAS ALSO MADE DEFINITE PROPOSALS WITH REGARD TO THE FUTURE OPERATION OF THE TRR AND THE INER RESEARCH PROGRAM, TO WHICH THE CHINESE GOVERNMENT IS PROPOSED TO GIVE ITS AGREEMENT. IT WOULD APPEAR THEREFORE THAT THE PRIOR CONSULTATION AS REQUESTED BY THE UNITED STATES ON THE FUTURE ACQUISITION OR CONSTRUCTION OF NUCLEAR MATERIALS, EQUIPMENT AND FACILITIES BY THE ROC IS QUITE UNNECESSARY UNDER THE CIRCUMSTANCES.

--THE MINISTRY OF FOREIGN AFFAIRS WISHES ALSO TO AVAIL ITSELF OF THIS OPPORTUNITY TO REFER TO THE AIDE-MEMOIRE OF THE EMBASSY DATED DECEMBER 27, 1977 WHICH WAS HANDED TO VICE MINISTER CHIEN BY MINISTER SULLIVAN IN THE COURSE OF THEIR CONVERSATION ON THAT DATE.

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--THE CONDITIONS SPECIFIED IN THE AIDE-MEMOIRE FOR THE RESUMPTION OF THE OPERATION OF THE TRR ARE ACCEPTABLE TO THE CHINESE GOVERNMENT, EXCEPT THAT WITH REGARD TO THE DISPOSITION OF THE SPENT FUEL, IN VIEW OF THE DIFFICULTIES THAT MAY BE FORESEEN IN ARRANGING FOR ITS TRANSPORTATION TO THE DESIGNATED DESTINATION AND THE RELATED PROBLEMS OF SECURITY AND LIABILITY, IT IS PROPOSED THAT THE UNITED STATES SHOULD PURCHASE AT A NOMINAL PRICE AND ASSUME TITLE OF OWNERSHIP TO THE SPENT FUEL AND BE RESPONSIBLE FOR ITS TRANSPORTATION FROM CHINESE PORT TO ITS DESIGNATED DESTINATION.

--THE CHINESE GOVERNMENT WILL MAKE APPROPRIATE ARRANGEMENTS WITH THE IAEA TO IMPLEMENT THE MEASURES ENUMERATED IN THE AIDE-MEMOIRE OF THE EMBASSY WITH REGARD TO THE DISPOSITION OF SPENT FUEL AS WELL AS TO THE STRENGTHENING OF SAFEGUARDS AT THE TRR PRIOR TO THE RESUMPTION OF ITS OPERATION.

--THE CHINESE GOVERNMENT IS ALSO PREPARED TO UNDERTAKE STUDIES INTO THE FEASIBILITY OF CONVERTING THE TRR TO THE USE OF LOW ENRICHED URANIUM IN CONJUNCTION WITH THE UNITED STATES.

--THE CHINESE GOVERNMENT HAS ALSO TAKEN NOTE OF THE VIEWS AND RESERVATIONS OF THE UNITED STATES WITH

REGARD TO ITS NUCLEAR RESEARCH PROGRAM, OF WHICH IT  
WISHES TO INDICATE ITS ACCEPTANCE.

--TAIPEI, FEBRUARY 20, 1978. /S/ F.F.C.

3. COMMENTS WILL FOLLOW BY SEPTTEL.

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4. DEPARTMENT PLEASE PASS VIENNA IF APPROPRIATE.  
UNGER

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
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